

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Amend the Laws Regarding School Funding**

**Emergency preamble. Whereas,** acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** certain financial barriers have been identified that may delay the implementation of the school district reorganization law, Public Law 2007, chapter 240, Part XXXX; and

**Whereas,** reorganization planning committees are engaged in negotiating proposed reorganization plans that, upon approval of the Commissioner of Education, are expected to be submitted to voters in affected municipalities across the State as early as January 15, 2008 or subsequently on June 10, 2008; and

**Whereas,** the removal of these financial barriers can reasonably be expected to enable reorganization planning committees to successfully negotiate and submit proposed reorganization plans in a timely manner; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

**Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 20-A MRSA §1305-C,** as enacted by PL 2007, c. 240, Pt. XXXX, §11, is further amended to read:

### **§ 1305-C. Mandatory budget validation and cost center summary budget form**

Notwithstanding any other law, school administrative district budgets developed after January 1, 2008 must conform to the format and referendum procedures set forth in ~~sections 1305-A and 1305-B~~sections 1485 and 1486.

**Sec. 2. 20-A MRSA §1481,** as enacted by PL 2007, c. 240, Pt. XXXX, §13, is repealed.

**Sec. 3. 20-A MRSA §1481-A** is enacted to read:

### **§ 1481-A. Finances**

**1. Apportionment of costs for regional school unit.** A regional school unit may raise money, in addition to the local contribution pursuant to section 15690, subsection 1, for establishing and maintaining public schools, erecting buildings and providing equipment for educational purposes. The additional costs of operating a regional school unit must be shared among all municipalities within the regional school unit by the same local share percentages for each municipality resulting from the determination of the local contribution under section 15688.

**2. Existing cost-sharing agreement.** Notwithstanding subsection 1, a cost-sharing agreement in existence on June 7, 2007 that was adopted pursuant to Public Law 2005, chapter 2 or pursuant to a private and special law remains in existence unless the parties to the agreement modify or terminate the agreement:

- A. As part of a reorganization to regional school units under this chapter; or
- B. As a result of a negotiated agreement between the parties to the cost-sharing agreement.

**3. Method included in reorganization plan.** Notwithstanding subsection 1, a regional school unit may use a method of cost sharing that was included in a reorganization plan developed pursuant to section 1461 or Public Law 2007, chapter 240, Part XXXX, section 36 as long as the method complies with this subsection.

A. The costs of operating a regional school unit must be shared among all municipalities within the unit in one of the following ways.

(1) Under a property valuation method, municipalities in a unit shall share costs in the same proportion as each municipality's property fiscal capacity as defined in section 15672, subsection 23 is to the unit's property fiscal capacity.

(2) Under an alternate plan approved by the state board and by a vote of the legislative bodies of the school administrative units forming the unit and based on:

(a) The number of resident pupils in each town;

(b) The property fiscal capacity of each member municipality as defined in section 15672, subsection 23;

(c) Any combination of divisions (a) and (b); or

(d) Any other factor or combination of factors that may, but need not, include divisions (a) or (b).

Notwithstanding any provision of law to the contrary, a cost-sharing agreement in existence on June 7, 2007 that was adopted pursuant to Public Law 2005, chapter 2 or pursuant to a private and special law may not be construed to preempt the formation of a regional school unit under this chapter. Notwithstanding any provision of law to the contrary, a cost-sharing agreement between 2 or more municipalities in existence on June 7, 2007 that was adopted prior to June 7, 2007 may not be construed to preempt the formation of a regional school unit under this chapter.

Notwithstanding any provisions of law to the contrary, a municipality within a regional school unit may raise money and direct the spending of the funds to a school serving children from kindergarten to no higher than grade 8.

**Sec. 4. 20-A MRSA §1701-C**, as enacted by PL 2007, c. 240, Pt. XXXX, §16, is amended to read:

**§ 1701-C. Mandatory budget validation and cost center summary budget form**

Notwithstanding any other law, community school district budgets developed after January 1, 2008 must conform to the format and referendum procedures set forth in sections 1701-A and 1701-B sections 1485 and 1486.

**Sec. 5. 20-A MRSA §5203, sub-§4**, as enacted by PL 1981, c. 693, §§5 and 8, is repealed and the following enacted in its place:

**4. Exception; no elementary school.** A school administrative unit that neither maintains an elementary school nor contracts for elementary school privileges pursuant to chapter 115 shall pay the tuition, in accordance with chapter 219, at the public school or the approved private school of the parent's choice at which the student is accepted.

**Sec. 6. 20-A MRSA §5204, sub-§4**, as amended by PL 1985, c. 797, §32, is further amended to read:

**4. No secondary school.** Secondary students whose parents reside in a school administrative unit which that neither maintains a secondary school nor contracts for secondary school privileges may attend a private school approved for tuition purposes, a public school in an adjoining unit which accepts tuition students, or a school approved for tuition purposes in another state or country upon permission of officials of the receiving school. The school administrative unit where the students' parents reside shall pay tuition in the amount up to the legal tuition rate as defined in chapter 219 pursuant to chapter 115 shall pay the tuition, in accordance with chapter 219, at the public school or the approved private school of the parent's choice at which the student is accepted.

**Sec. 7. 20-A MRSA §6051, sub-§1, ¶C**, as enacted by PL 1985, c. 797, §36, is amended to read:

C. A determination of whether or not the annual financial ~~report~~data submitted to the department is correct;

**Sec. 8. 20-A MRSA §6051, sub-§4**, as amended by PL 2005, c. 683, Pt. A, §25, is further amended to read:

**4. Initial report to commissioner.** On or before ~~December~~November 1st, the school board shall provide the commissioner with:

C. Written determination of whether or not proper budgetary controls are in place;

D. A written determination of whether or not the annual financial ~~report~~data submitted to the department is correct, including submission of an audited reconciliation of the annual financial ~~report~~data prepared and certified by the auditor; and

E. A written determination as to whether the school administrative unit has complied with applicable provisions of the Essential Programs and Services Funding Act.

**Sec. 9. 20-A MRSA §6051, sub-§6**, as enacted by PL 2001, c. 344, §9, is amended to read:

**6. Report to commissioner.** Within 96 months after the end of the audit period, the school board shall provide the commissioner with:

A. A copy of the audit report;

B. Accountability of all revenues and expenditures;

C. Written assurance that the audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits; and

D. Any other information that the commissioner may require.

**Sec. 10. 20-A MRSA §15688, sub-§3-A, ¶B-1**, as enacted by PL 2007, c. 240, Pt. XXXX, §30, is repealed.

**Sec. 11. 20-A MRSA §15689, sub-§1-B** is enacted to read:

**1-B. Adjustments to state contributions to member municipalities in regional school units.** The minimum state allocation provisions of subsection 1, paragraph B are applicable for each case in which the school administrative units in existence prior to the operational date of the new regional school unit received an adjustment under subsection 1, paragraph B for fiscal year 2007-08 or fiscal year 2008-09. For each regional school unit eligible under this subsection, the minimum state allocation provisions of subsection 1, paragraph B are applicable for each member municipality that was a member of the eligible school administrative units in existence prior to the operational date of the new regional school unit.

**Emergency clause.** In view of the emergency cited in the preamble, this legislation takes effect when approved.

## SUMMARY

The bill amends the laws regarding school funding to address and correct school funding issues that present barriers to the implementation of school reorganization.